

CHARTER TOWNSHIP OF MILFORD LIBRARY

FINANCIAL REPORT  
December 31, 2007

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## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name MILFORD PUBLIC LIBRARY	County OAKLAND
Fiscal Year End DECEMBER 31, 2007	Opinion Date FEBRUARY 5, 2008	Date Audit Report Submitted to State APRIL 28, 2008	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

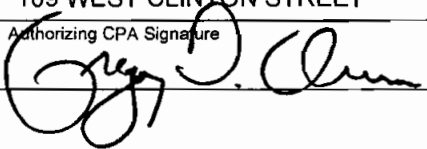
YES  
NO

**Check each applicable box below.** (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>	NO COMMENTS OR RECOMMENDATIONS	
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) BREDERNITZ, WAGNER & CO., P.C.		Telephone Number 517-546-2130	
Street Address 109 WEST CLINTON STREET		City HOWELL	State MI
Zip 48843			
Authorizing CPA Signature 	Printed Name GREGORY D. CLUM	License Number 1101014127	

**BREDERNITZ, WAGNER & CO., P.C.**

*Certified Public Accountants*

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**PRINCIPALS**

RAYMOND H. COOPER, JR., CPA, CFP  
GREGORY D. CLUM, CPA, CGFM

**MEMBERS**

MICHIGAN ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS  
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

**CONSULTANTS**

DAVID L. BREDERNITZ, CPA

INDEPENDENT AUDITORS' REPORT

To the Charter Township  
of Milford Library Board  
Milford, Michigan

We have audited the accompanying financial statements of the Charter Township of Milford Library as of and for the year ended December 31, 2007, which collectively, comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Charter Township of Milford Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Charter Township of Milford Library as of December 31, 2007, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 3 through 7 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Milford Library's basic financial statements. The introductory section and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory section and other supplemental information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Bredert, Wagner & Co., P.C.*

Howell, Michigan  
February 5, 2008

CHARTER TOWNSHIP OF MILFORD LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Years Ended December 31, 2007 and  
December 31, 2006  
(Unaudited)

Using this Annual Report

This annual report consists of three parts - *management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include information that presents two different views of the Library.

- The first column of the financial statements includes information on the Library's General Fund under the modified accrual method. These *Fund Financial Statements* focus on the current financial resources and provide a more detailed view about the accountability of the Library's sources and uses of funds.
- The adjustment column of the financial statements represents adjustments necessary to convert the fund financial statements to the government-wide financial statements under the full-accrual method.
- The *Government-Wide Financial Statement* columns provide both *long-term* and *short-term* information about the Library's overall financial status. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Library as a whole and present a longer-term view of the Library's finances. These statements tell how these services were financed in the short term as well as what remain for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

CHARTER TOWNSHIP OF MILFORD LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For the Years Ended December 31, 2007 and  
December 31, 2006  
(Unaudited)

Condensed Financial Information

The table below shows key financial information in a condensed format:

	<u>December 31,</u> <u>2007</u>	<u>December 31,</u> <u>2006</u>
Current assets	\$1,856,895	1,616,780
Capital assets	<u>1,019,053</u>	<u>1,128,781</u>
Total assets	<u>2,875,948</u>	<u>2,745,561</u>
Current liabilities	<u>1,140,654</u>	<u>1,095,380</u>
Total liabilities	<u>1,140,654</u>	<u>1,095,380</u>
Net assets:		
Invested in capital assets, net of debt	1,019,053	1,128,781
Restricted for endowment	192,079	192,079
Unrestricted	<u>524,162</u>	<u>329,321</u>
Total net assets	<u>\$1,735,294</u>	<u>1,650,181</u>
Revenue:		
Property taxes	\$1,085,362	990,343
Other	<u>168,852</u>	<u>107,981</u>
Total revenue	<u>1,254,214</u>	<u>1,098,324</u>
Expenses - Library services	<u>1,169,101</u>	<u>1,201,006</u>
Change in net assets	\$ <u><u>85,113</u></u>	<u><u>(102,682)</u></u>

CHARTER TOWNSHIP OF MILFORD LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For the Years Ended December 31, 2007 and  
December 31, 2006  
(Unaudited)

The Library as a Whole

- The Library reports net assets of \$1,735,294 and \$1,650,181 on the full accrual basis for the years ended December 31, 2007 and 2006, respectively, as compared to \$716,241 and \$521,400 on the modified accrual basis of accounting for the same periods.
- The Library's primary source of revenue is from property taxes. Total tax collections were \$1,114,587 and \$990,343 representing 88.9% and 90.2% of total revenue for the years ended December 31, 2007 and 2006, respectively.
- Salaries and fringe benefits are the largest overall expenditure of the Library. These expenditures were \$661,225 and \$671,193 representing 56.6% and 55.9% of the Library's total expenditures for the years ended December 31, 2007 and 2006, respectively.
- Total expenditures were \$1,059,373 and \$1,091,906 for the years ended December 31, 2007 and 2006, respectively, under the modified accrual method of accounting.
- The Library's conversion to meet GASB 34 standards, which includes capitalization of Library-owned assets and associated depreciation expense, is reflected in the statement of activities on page 9 of this financial report.

The Library's Fund

Our analysis of the Library's General fund is included on pages 8 and 9 in the first column of the respective statements. The fund column provides detailed information about the General fund on a modified accrual basis of accounting, which is a short term perspective measuring the flow of financial resources, - not the Library's operations on a full accrual basis of accounting, which provides a longer term measurement of total economic resources. The Library's only fund is the General Fund.

The fund balance of the General Fund increased \$194,841 and \$6,418 for the years ended December 31, 2007 and 2006, respectively. This represents unspent revenue greater than expenses.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For the Years Ended December 31, 2007 and  
December 31, 2006  
(Unaudited)

The Library board has designated funds to help manage money for specific purposes, such as future building and technology needs and to reserve donations received specifically for artwork in the library.

Library Budgetary Highlights

Over the course of the year, the Library Board amended the budget to take into account events that occurred during the year. Amendments occurred in several revenue appropriations to more accurately reflect actual income.

Estimated expenditures for Insurance and Bonds, Education and Training, and Professional services were adjusted downward due to lower costs in these areas.

Collections Expenditures (Books, Audio Visual Material, and Electronic Resources) were increased to better meet the needs of the community. Collection Maintenance Expenditures was increased to take advantage of used security cases being sold at more than 50% of list price by another library. In addition, increases were made in Programming to account for funds received by the Friends of the Library in support of library services.

Budgeted revenues were amended to reflect decreases in Sales and Fines, as well as increases in Charges for Services Rendered (Non-Resident Fees), Interest Income and Gifts.

Capital Assets & Debt Administration

At the end of the fiscal year, the Library had approximately \$1,019,053 invested in building improvements, furniture and equipment, and books and materials. The Library added \$93,500 in new collection items consisting of new books, various audio/visual materials, and enhancement of the music collection.

It should be noted that the library building itself is an asset of the Charter Township of Milford, and therefore, does not appear as an asset of the Library.

The Library carries no long-term debt; debt related to the library building bond is administered by Milford Township (see Notes to Financial Statements 8).



MANAGEMENT'S DISCUSSION AND ANALYSIS (Concluded)  
For the Years Ended December 31, 2007  
December 31, 2006  
(Unaudited)

Next Year's Budget and Millage Rates

The budget for fiscal year 2008 represents an increase of approximately 4.7% over the original budget for fiscal year 2007.

The Library's total millage rate of 1.4 mills is rolled back in the coming year to a collection rate of 1.1447 mills. Based on the taxable value of the property in the Library's service area of \$991,014,320, this will generate approximately \$1,134,414 in tax revenue.

Local property taxes account for 90% of budgeted library revenues.

Most line item expenditures are consistent with previous budget years. Anticipated increases are seen in salaries and wages, library materials, TLN costs, and facility and grounds maintenance.

Anticipated major expenditures for fiscal year 2008 include replacement of sidewalks and upgrades to computer and network equipment.

The 2008 budget reflects a significant reduction in State Aid revenue due to cuts at the State Government level and anticipated changes to the state aid program.

Contacting the Library's Management

This financial report is intended to provide our citizens, taxpayers, patrons and donors with a general overview of the Library's finances and to show the Library's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the director, Tina Hatch, at (248) 684-0845, extension 101 or by email at [thatch@milfordlibrary.info](mailto:thatch@milfordlibrary.info).

CHARTER TOWNSHIP OF MILFORD LIBRARY  
GOVERNMENTAL FUND BALANCE SHEET /  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2007

	General Fund, Modified Accrual Basis	Adjustments (Note 9)	Statement of Net Assets
<b>Assets</b>			
Cash and investments (Note 3)	\$ 727,935	-	727,935
Property taxes receivable	602,808	-	602,808
Due from other governmental units	526,152	-	526,152
Capital assets (Note 4):			
Capital assets not being depreciated	-	57,035	57,035
Capital assets being depreciated - Net	-	962,018	962,018
<b>Total Assets</b>	<b>\$ 1,856,895</b>	<b>1,019,053</b>	<b>2,875,948</b>
<b>Liabilities</b>			
Accounts payable and other	\$ 8,192	-	8,192
Deferred revenue	1,132,462	-	1,132,462
<b>Total Liabilities</b>	<b>1,140,654</b>	<b>-</b>	<b>1,140,654</b>
<b>Fund Balance</b>			
Reserved for endowment	192,079	(192,079)	-
Reserved for tax appeals	20,000	(20,000)	-
Unreserved:			
Designated for art sculpture	2,000	(2,000)	-
Designated for building improvements	185,000	(185,000)	-
Designated for technology improvements	20,000	(20,000)	-
Designated for collections development	22,000	(22,000)	-
Designated for strategic planning	15,000	(15,000)	-
Undesignated	260,162	(260,162)	-
<b>Total fund balance</b>	<b>716,241</b>	<b>(716,241)</b>	<b>-</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 1,856,895</b>		
<b>Net assets:</b>			
Invested in capital assets		1,019,053	1,019,053
Restricted for endowment		192,079	192,079
Unrestricted		524,162	524,162
<b>Total net assets</b>		<b>\$ 1,735,294</b>	<b>1,735,294</b>

The notes to financial statements are an integral part of this statement.

CHARTER TOWNSHIP OF MILFORD LIBRARY  
STATEMENT OF GOVERNMENTAL REVENUE,  
EXPENDITURES, AND CHANGES IN  
FUND BALANCE / STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2007

	General Fund, Modified Accrual Basis	Adjustments (Note 9)	Statement of Activities
Revenue			
Current and delinquent property tax	\$ 1,085,362	-	1,085,362
Industrial facilities tax	29,225	-	29,225
Single business tax	1,454	-	1,454
Charges for service - sales	3,824	-	3,824
State aid	12,071	-	12,071
Gifts, memorials, and other	16,096	-	16,096
Book fines	22,352	-	22,352
Penal fines	23,011	-	23,011
Interest on investments	58,869	-	58,869
Service charge	1,950	-	1,950
Total Revenues	1,254,214	-	1,254,214
Expenditures			
Salaries	522,617	-	522,617
Payroll taxes	39,936	-	39,936
Employee benefits	98,672	-	98,672
Supplies	20,466	-	20,466
Contracted services	21,407	-	21,407
The Library Network	47,608	-	47,608
Communications	5,514	-	5,514
Memberships, dues, and travel	3,153	-	3,153
Advertising and promotion	735	-	735
Postage	989	-	989
Insurance	23,024	-	23,024
Utilities	86,099	-	86,099
Repairs and maintenance	85,624	-	85,624
Books	45,645	(45,645)	-
Periodicals	11,773	(11,773)	-
Audio/Visual	22,034	(22,034)	-
Electronic resources	3,340	(169)	3,171
Capital outlay	14,014	(14,014)	-
Depreciation	-	203,363	203,363
Programming	6,087	-	6,087
In-service training	636	-	636
Refunds and rebates	-	-	-
Total Expenditures	1,059,373	109,728	1,169,101
Excess (Deficiency) of Revenues Over (Under) Expenditures/Change in Net Assets	194,841	(109,728)	85,113
Fund Balance/Net Assets - Beginning of year	521,400	1,128,781	1,650,181
Fund Balance/Net Assets - End of year	\$ 716,241	1,019,053	1,735,294

The notes to financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

Note 1. REPORTING ENTITY AND BASIS OF PRESENTATION

Definition of the reporting entity:

The Charter Township of Milford Library was established for the purpose of providing all residents of Milford Township with access to materials and services for information, education, culture, and recreation. The Library is governed by an elected six member board.

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity", these financial statements present the local unit. There are no component units of the Library. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

Basis of presentation:

The financial statements present the fund financial statement on a modified accrual basis with an adjustment to present the statement of net assets and the statement of activities on a full accrual basis.

Fund Financial Statements:

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the Library, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds which are maintained in accordance with the activities or objectives specified.

The financial activities of the Library are recorded on one fund as follows:

Governmental Fund:

General Fund: This fund accounts for all financial resources except those provided for in another fund. Revenues are derived primarily from property taxes and penal fines. This fund includes the general operating expenses of the Library.

## Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Charter Township of Milford Library conform to accounting principles generally accepted in the United State of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies:

Measurement focus/basis of accounting:

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. The accounting policies of the Charter Township of Milford Library conform to generally accepted accounting principles as applicable to governmental units.

Governmental Fund

The Governmental Fund Type (General Fund) uses a financial resources measurement and focus and is accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Current expenditures are generally recorded when the fund liability is incurred, if measurable. Exceptions to this general rule include principal and interest on long-term debt, which is recognized when due, and accrued vacation and sick leave, which is recorded when payable from current available financial resources.

Cash and Cash Equivalents:

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with a maturity of three months or less when acquired.

Compensated absences (vacation and sick leave):

Vacation time that is unused at the employee's employment anniversary date does not carry over to the following year. Sick time does carry over to the following year at a limited amount. The amount of sick time at December 31 is immaterial and, therefore, not recorded. The Library has no liability for employee compensated absences.

## Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

## Current property taxes:

Properties are assessed as of December 31 and the related property taxes become a lien on the following December 1. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls.

Property taxes billed during the month of December will be used to finance the following year's operations. As such, these taxes are recorded as deferred revenue at December 31.

The 2006 State taxable valuation of the Township totaled \$950,152,624 on which ad valorem taxes levied consisted of 1.14 mills raising approximately \$1,083,000 for operating purposes.

## Capital Assets:

Capital assets are defined by the Library as assets with an initial cost of more than \$500, several similar assets with a combined initial cost of more than \$1,000, or items which do not fall under the previously mentioned criteria, but are mobile and/or highly susceptible to theft with an initial cost of more than \$200 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Furniture, fixtures, and equipment	3-10 years
Library books and audiovisual materials	10 years

## Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

## NOTES TO FINANCIAL STATEMENTS (Continued)

## Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

## Budgets and budgetary accounting:

The annual budget is adopted by the Library Board prior to the beginning of the budgetary year. Subsequent amendments are approved by the Library Board. Unexpended appropriations lapse at year end. The Library does not use the encumbrance method of accounting for budgetary purposes. During the current year, the budget was amended in a legally permissible manner.

Formal budgetary integration is employed as a management control device. The budget has been prepared on a modified accrual basis, which is in conformity with generally accepted accounting principles.

## Note 3. CASH AND INVESTMENTS

The Library is authorized by Michigan Public Act 20- of 1943 (as amended) to invest surplus monies (of nonpension funds) in U.S. bonds and notes, certain commercial paper, U.S. government repurchase agreements, banker's acceptances, mutual funds and bank investment pools that are composed of authorized investment vehicles. The Library's deposits and investments are in accordance with statutory authority. The Library's cash and investments are subject to risk, which is examined in more detail below:

CUSTODIAL CREDIT RISK OF BANK DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. The Library does not have a deposit policy for custodial credit risk. The Library's deposits are administered by the Charter Township of Milford and are held in separate accounts in the name of the township. The federal depository insurance coverage pertains to all the deposits of the township; hence, the specific coverage pertaining to the Library's deposits, if any, is not determinable. The township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

## Note 4. CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance January 1, 2007	Net Additions (Deletions)	Balance December 31, 2007
Capital assets not being depreciated - Land	\$ 57,035	-	57,035
Capital assets being depreciated:			
Furniture, fixtures, and equipment	\$ 902,555	14,181	916,736
Books and recordings	<u>1,041,211</u>	<u>79,454</u>	<u>1,120,665</u>
Total	2,000,801	93,635	2,094,436
Accumulated Depreciation	(872,020)	(203,363)	(1,075,383)
Net Book Value	\$ <u>1,128,781</u>	( <u>109,728</u> )	<u>1,019,053</u>

## Note 5. LEASE AGREEMENT

During the year ended December 31, 2003, the Library moved to a new facility. The new facility was built primarily from the proceeds of bonds issued by the Township of Milford. The principal and interest on the bonds are being paid by the Township from a voted millage. The portion of the bonded debt relating to the Library facility is \$6,075,000.

During the year ended December 31, 2004, the Library entered into an operating lease agreement with the Township for the building and the grounds on which the Library is located. Under the terms of the 30-year agreement for the building and 90-year agreement for the grounds, rent under the lease is \$1 per year. The Township will retain all ownership rights of the Library building.

During the year ended December 31, 2005, the Township of Milford issued general obligation bonds with an average interest rate of 3.98 percent. Proceeds from these bonds were used to advance refund the bonded debt related to the Library facility, previously discussed, with an average interest rate of 5.09 percent. As a result, the bonds are considered to be defeased. The advance refunding reduced the total debt service payments by approximately \$330,000, which represents an economic gain of approximately \$184,000. This will reduce the future debt millage rate as a result of the change in debt repayment schedule.



## Note 6. RETIREMENT PLANS

The Library provides pension benefits to all of its employees through a simplified employee pension plan. In a simplified employee pension plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after three years of service with the Library. As established by the Library's board, the Library contributes 5 percent of employees' gross earnings. In accordance with these requirements, the Library contributed \$21,286 during the current year. The Library's contributions for each employee are fully vested immediately.

## Note 7. RISK MANAGEMENT

The Library is exposed to various risks of loss related to property loss, torts, errors and omissions and workers' compensation. The Library has purchased commercial insurance for medical benefits claims, and participates in the Michigan Townships Participating Plan for claims relating to property loss, torts, and errors and omissions; the Library is uninsured for unemployment compensation claims. The Michigan Townships Participating Plan operates as an insurance purchasing pool for local units of government in Michigan. The Plan purchases commercial insurance on behalf of its members at a lower cost than would be available on an individual basis.

## Note 8. RECONCILIATION of FUND FINANCIAL STATEMENTS to GOVERNMENT-WIDE FINANCIAL STATEMENTS

Total fund balance and the net change in fund balance of the Library's governmental fund differs from the net assets and changes in net assets of the governmental activities reported in the statement of net assets and statement of activities. This difference primarily results from the long-term economic focus of the statement of net assets and statement of activities versus the current financial resources focus of the governmental fund balance sheet and statement of revenue, expenditures, and change in fund balance. The following are reconciliations of fund balance to net assets and the net change in fund balance to the net change in assets.

Total Fund Balance - Modified Accrual Basis	\$ 716,241
Amounts reported in the statement of net assets are different because:	
Capital assets are not financial resources, and are not reported in the funds	<u>1,019,053</u>
Net Assets of General Fund - Full Accrual Basis	<u>\$1,735,294</u>

## Note 8. RECONCILIATION of FUND FINANCIAL STATEMENTS to GOVERNMENT-WIDE FINANCIAL STATEMENTS (Concluded)

Net Change in Fund Balances - Modified Accrual Basis   \$   194,841

Amounts reported in the statement of activities  
are different because:

Capital outlays are reported as expenditures in  
statement of revenue, expenditures, and changes  
in fund balance, in the statement of activities,  
these costs are allocated over their estimated  
useful lives as depreciation:

Library books and materials	79,454
Maintenance, supplies and capital outlay	14,181
Depreciation	<u>(203,363)</u>
Change in Net Assets of General Fund - Full Accrual Basis	\$ <u><u>85,113</u></u>

CHARTER TOWNSHIP OF MILFORD LIBRARY  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED DECEMBER 31, 2007

	Original Budget	Final Amended Budget	Actual Balances	Variance Favorable (Unfavorable)
<b>Revenue</b>				
Current and delinquent property tax	\$ 1,030,000	1,030,000	1,085,362	55,362
Industrial facilities tax	25,700	25,700	29,225	3,525
Single business tax	1,450	1,450	1,454	4
Charges for service - Sales	6,000	3,500	3,824	324
State aid	12,000	12,000	12,071	71
Gifts, memorials, and other	11,000	11,499	16,096	4,597
Book fines	22,000	20,500	22,352	1,852
Penal fines	20,000	20,000	23,011	3,011
Interest on investments	22,000	22,750	58,869	36,119
Service charge	-	750	1,950	1,200
<b>Total Revenues</b>	<b>1,150,150</b>	<b>1,148,149</b>	<b>1,254,214</b>	<b>106,065</b>
<b>Expenditures</b>				
Salaries	546,000	546,000	522,617	23,383
Payroll taxes	41,770	41,770	39,936	1,834
Employee benefits	107,100	105,400	98,672	6,728
Supplies	21,000	23,000	20,466	2,534
Contracted services	28,500	27,700	21,407	6,293
The Library Network	51,000	51,000	47,608	3,392
Communications	6,000	6,000	5,514	486
Memberships, dues, and travel	3,600	4,100	3,153	947
Advertising and promotion	5,000	1,000	735	265
Postage	2,000	2,000	989	1,011
Insurance	33,000	28,000	23,024	4,976
Utilities	105,600	105,600	86,099	19,501
Repairs and maintenance	91,250	91,250	85,624	5,626
Books	46,750	47,250	45,645	1,605
Periodicals	15,000	15,000	11,773	3,227
Audio/Visual	23,810	24,610	22,034	2,576
Electronic resources	1,800	3,800	3,340	460
Capital outlay	17,000	16,025	14,014	2,011
Programming	1,900	7,574	6,087	1,487
In-service training	2,000	1,000	636	364
Refunds and rebates	30	30	-	30
Rent	10	10	-	10
Miscellaneous	30	30	-	30
<b>Total Expenditures</b>	<b>1,150,150</b>	<b>1,148,149</b>	<b>1,059,373</b>	<b>88,776</b>
<b>Excess of Revenues Over Expenditures</b>	<b>-</b>	<b>-</b>	<b>194,841</b>	<b>194,841</b>
<b>Fund Balance - Beginning of year</b>	<b>521,400</b>	<b>521,400</b>	<b>521,400</b>	<b>-</b>
<b>Fund Balance - End of year</b>	<b>\$ 521,400</b>	<b>521,400</b>	<b>716,241</b>	<b>194,841</b>